

State of Idaho
DEPARTMENT OF INSURANCE

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WILLIAM W. DEAL
Director

BULLETIN NO. 10-05

DATE: May 6, 2010

TO: All Carriers Writing Individual and Group Medicare Supplement Policies in Idaho

FROM: William W. Deal, Director

SUBJECT: Rate Pools for 2010 Medicare Supplement Plans

The Department has received inquiries from carriers regarding the use of separate rating pools for the new 2010 Medicare Supplement plans.

In accordance with the updates to the NAIC Medicare Supplement Insurance Model Regulation Compliance Manual, it is the Department's position that the experience of the 1990 standard plans should be pooled with the experience of all 2010 standard plans of the same letter and type designation for all rating purposes.

It is anticipated that, all other factors being equal (lifetime target loss ratio, underwriting, etc.), the initial rates for a 2010 standard plan will be equal to, or nearly equal to, those for a comparable 1990 standard plan of the same letter and type designation. If not equal, the rate differentials will reflect only the cost impact of the minor benefit revisions, and subsequent rate adjustments will be uniform between plan generations throughout the lifetime of the policies. Initial rate filings for 2010 standard plans should clearly describe the benefit differences and associated costs reflected in any such rate differentials and include a comparison of 1990 standard plan rates with 2010 standard plans rates.

It is anticipated that subsequent filings for all forms in a pool will be submitted as one filing or as concurrent filings and will clearly show the pooling of experience under 1990 standard plans and 2010 standard plans. The rate increase for specific forms within a pool may be adjusted on a revenue neutral basis to avoid violation of federal lifetime loss ratio standards for specific forms within the pool.

Please contact the Department's Rates and Forms Section at 208-334-4250 if you have questions regarding these requirements.